



The Great Eastern  
Shipping Co. Ltd.

# BUSINESS OVERVIEW



18 November 2019

# FORWARD LOOKING STATEMENT

Except for historical information, the statements made in this presentation constitute forward looking statements. These include statements regarding the intent, belief or current expectations of GE Shipping and its management regarding the Company's operations, strategic directions, prospects and future results which in turn involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from those contained in the forward looking statements; including changes in freight rates; global economic and business conditions; effects of competition and technological developments; changes in laws and regulations; difficulties in achieving cost savings; currency, fuel price and interest rate fluctuations etc. The Company assumes no responsibility with regard to publicly amending, modifying or revising the statements based on any subsequent developments, information or events that may occur.

# CORPORATE PROFILE



## Shipping (Bulk)

## Offshore

(Through wholly-owned subsidiary  
Greatship (India) Limited)

### Tankers

- Crude
- Products/LPG

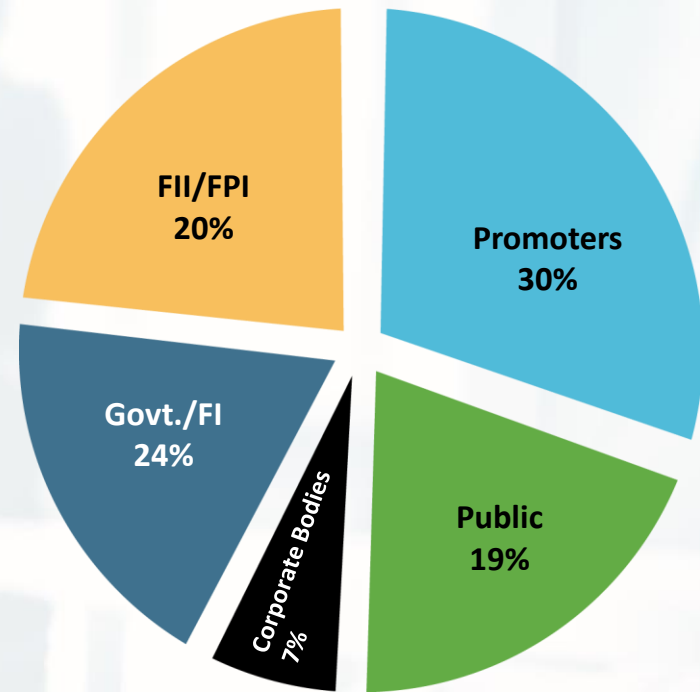
### Dry Bulk

### Logistics

### Drilling

India's largest private sector shipping company over 71 years of  
experience

# SHAREHOLDING PATTERN



Shareholding Pattern as on 30 September 2019

# FLEET PROFILE

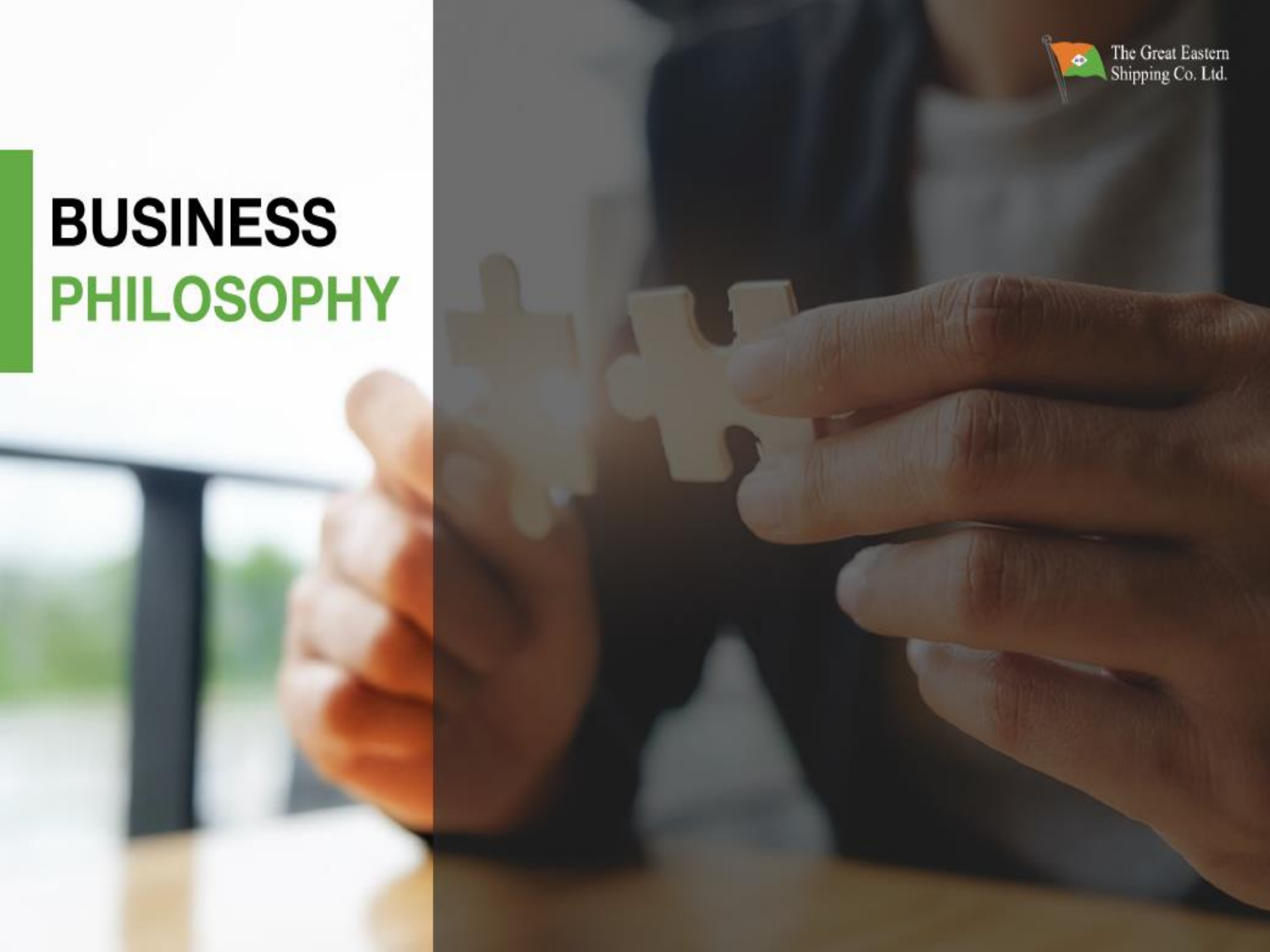
## SHIPPING

Fleet	DWT	Number of Ships	Average Age (Yrs.)
Crude Carriers	1,608,683	12	14.14
Product Carriers	987,207	17	12.04
Gas Carriers	224,113	5	18.17
Dry Bulk Carriers	1,026,462	13	7.05
<b>Total</b>	<b>3,846,465</b>	<b>47</b>	<b>11.94</b>

## OFFSHORE

Fleet	Number of Units	Average Age (Yrs.)
Jack Up Rigs	4	8.09
Platform Supply Vessels	4	10.25
Anchor handling Tug Cum Supply Vessels	8	10.11
Multipurpose Platform Supply & Support Vessels	2	9.57
ROV Support Vessels	5	8.27

# **BUSINESS** **PHILOSOPHY**





# 4 KEYS TO OUR SUCCESS



**Dynamically  
managing  
cycles**



**Diversified  
Fleet**



**In-House  
technical &  
commercial  
management**

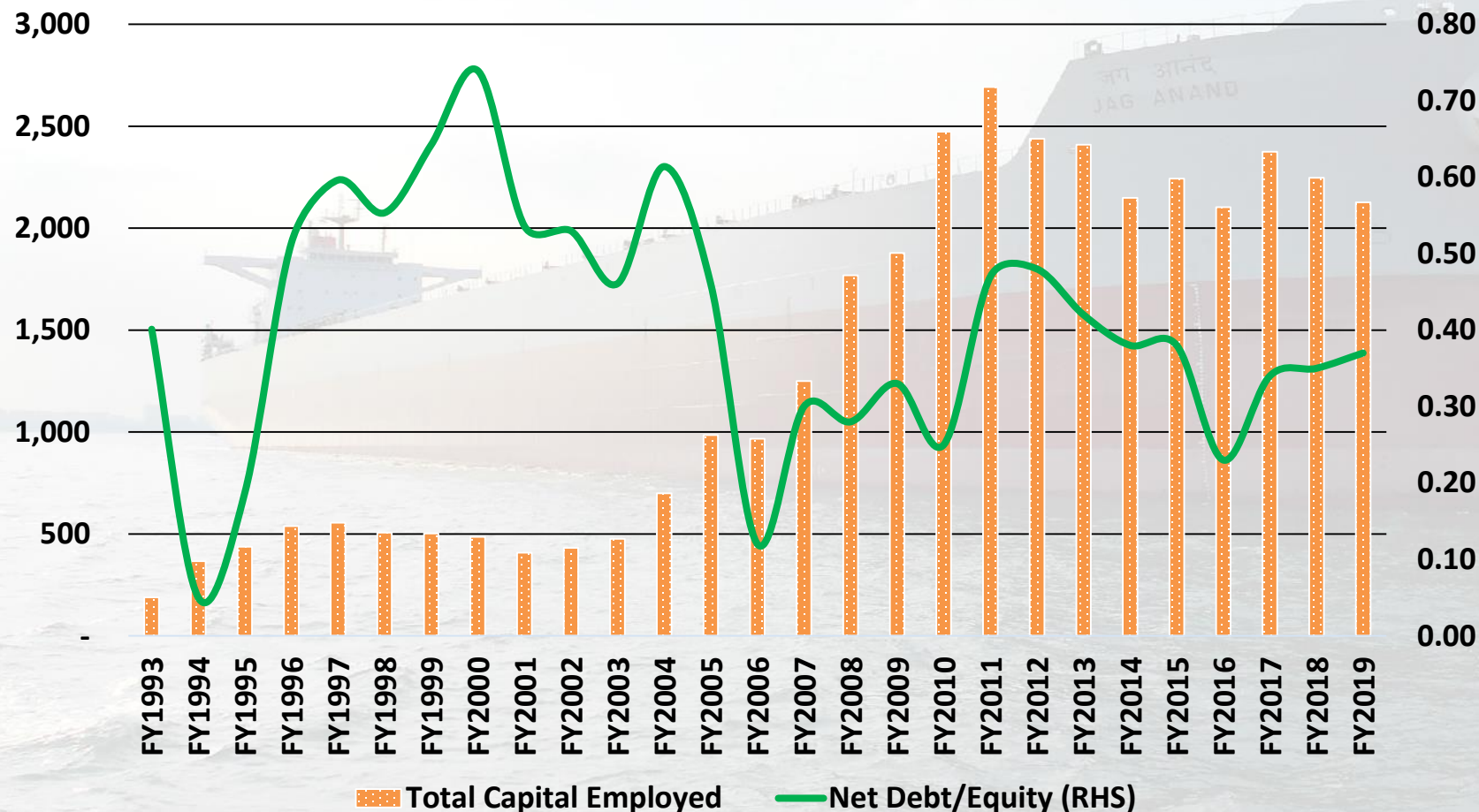


**Strong  
balance  
sheet**



# NET DEBT/EQUITY & TOTAL CAPITAL EMPLOYED (CONSOLIDATED)

USD Mn

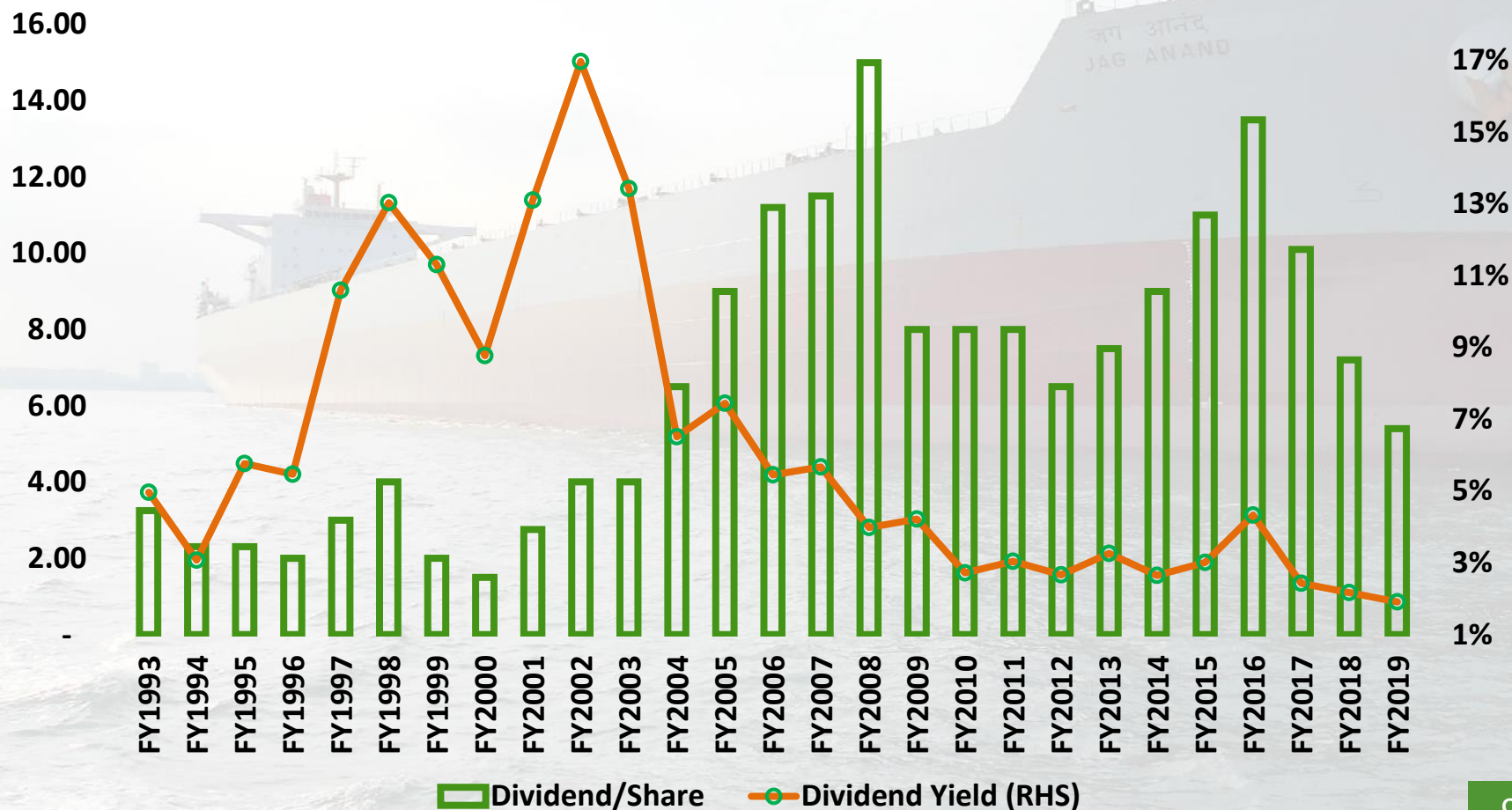




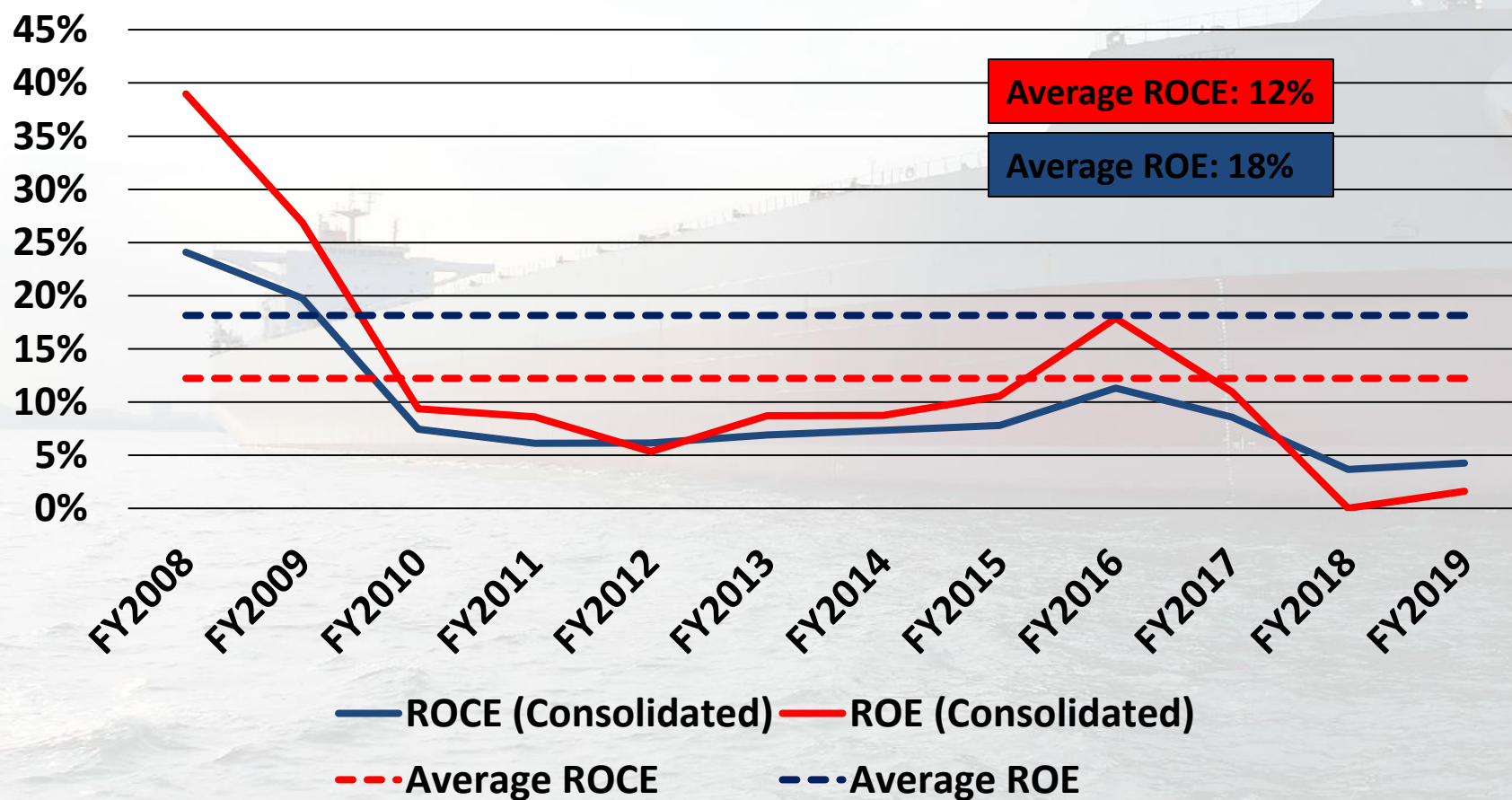
# DIVIDEND/SHARE

## (30+ YEARS CONTINUOUS DIVIDEND)

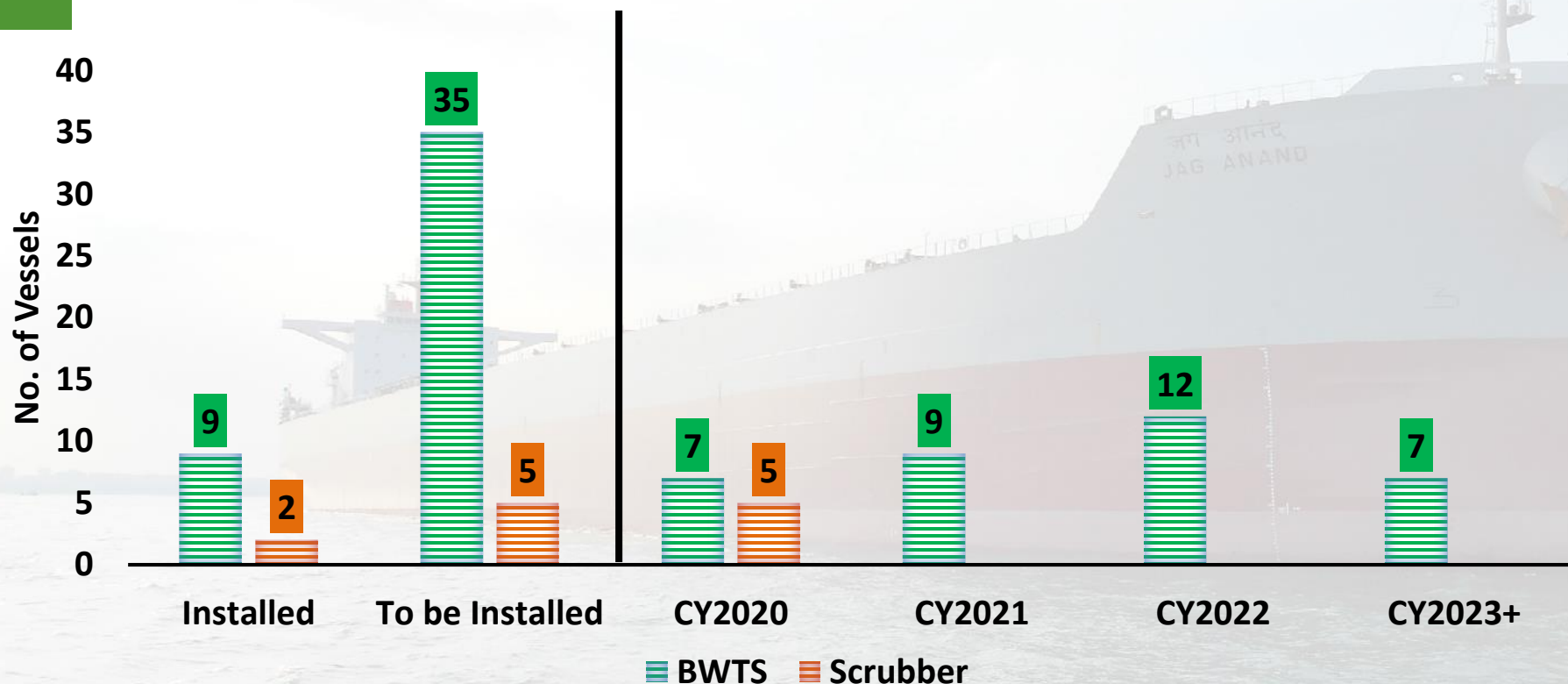
INR/Share



# ROE & ROCE (CONSOLIDATED)



# BWTS & SCRUBBER INSTALLATION SCHEDULE



- Total 9 Vessels have been fitted with BWTS and 35 vessels are scheduled to be installed with BWTS
- 2 Vessels have been fitted with Scrubbers and 5 Vessels are scheduled to be installed with Scrubbers in CY2020

# SHIPPING MARKET



# IMO REGULATIONS ON BALLAST WATER TREATMENT SYTEM

## What is Ballast Water Treatment System(BWTS) IMO regulations?

1. Ballast water has to be taken onboard by ships for stability and can contain thousands of aquatic or marine microbes, plants and animals, which are then carried across the globe. Untreated ballast water released at the ship's destination could potentially introduce a new invasive marine species.
2. The International Convention for the Control and Management of Ships' Ballast Water and Sediments was adopted in 2004 to introduce global regulations to control the transfer of potentially invasive species. With the treaty in force from September 2019, ships need to manage their ballast water.
3. Under the Convention, all ships in international traffic are required to manage their ballast water to a certain standard which can be done by installing a Ballast Water Treatment system onboard.
4. The Compliance Date:

New Vessels	On delivery (post September 2019)
Existing Vessels	First scheduled drydocking after September 2019



# IMO 2020

## What is IMO 2020?

- 1) The International Maritime Organization (IMO) will require shipowners to reduce sulfur emissions from 3.5% currently to 0.5% starting 1<sup>st</sup> January, 2020.
- 2) There are two options for shipowners to comply with IMO 2020 sulfur regulations:
  - Installing a scrubber to enable the vessel to continue to burn High Sulfur Fuel Oil (HSFO)
  - Change to burning 0.5% compliant fuel which may be Very Low Sulfur Fuel Oil (VLSFO) or Marine Gas Oil (MGO)
- 3) HSFO market for bunker fuels is currently at 3.5-4 million barrels a day. Of which, approximately 2-2.5 million barrels a day may need to be replaced by MGO or VLSFO.
- 4) Scrubbers can cost \$2-\$5 million to install depending on the size of the ship.
- 5) Scrubber Economics favors larger vessels that consume more fuel and have trading patterns consisting of more time at sea.



# IMO 2020

Type of Fuel	Sulfur Content	Composition	2020	Possible issues post 2020
<b>HSFO</b>	<b>3.5%</b>	Fuel oil from refinery	Scrubber Installed Vessels	Low Availability, Higher CAPEX for scrubbers
<b>MGO</b>	<b>0.1%</b>	Diesel from the refinery	Allowed including ECA Areas	Expensive
<b>LSFO</b>	<b>0.5%</b>	Blends HSFO with a straight run LSFO or other low sulfur intermediate refinery fuels	Allowed in Non-ECA areas. Currently being tested.	Compatibility, Stability, Standardization & Availability

# KEY POINTS ON **TANKER MARKET**

## Asset Prices

- VLCC 5 yr old asset prices increased about 8% Y-O-Y\*
- Suezmax 5 yr old asset prices increased about 11% Y-O-Y\*

## Freight Rates

- BCTI fell by 13% & BDTI rose 41% during Q3CY19 sequentially

## Crude Market

- U. S. production is up about 1.0 million barrels a day year-on-year, U. S. exports were up about 0.80 million barrels a day, whereas, imports have been down 1 million barrels a day year-on-year Q3CY19.
- In Q3CY2019 Y-O-Y, overall crude loadings were down by 1.4 million barrels a day with MEG loadings down by 1.7 million barrels a day due to Iran Sanctions and Saudi Crude disruptions.

## Product Market

- In Q3CY2019 Y-O-Y, overall trade growth for Core Refined Products was higher by 0.45 million barrels a day.
- This was largely driven by Gas oil trade globally. The trade was also supported by Naphtha trade growth within Asia Pacific.

## LPG Market

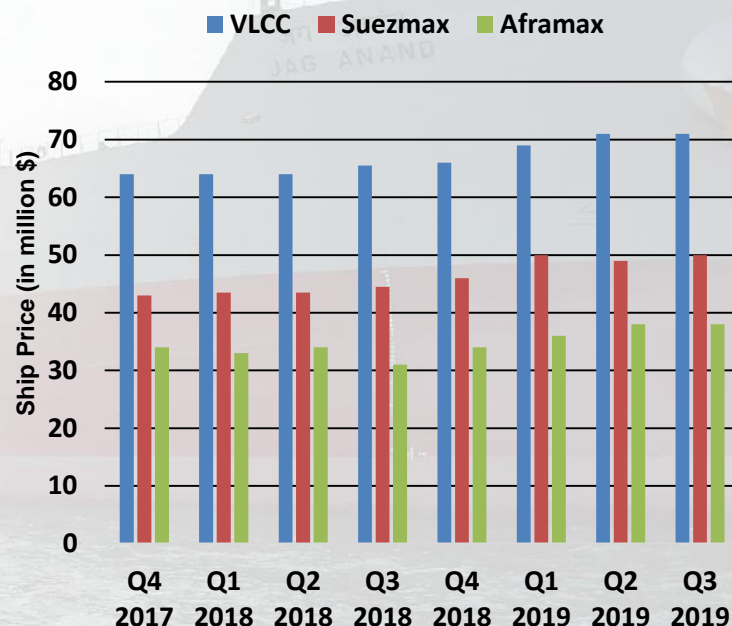
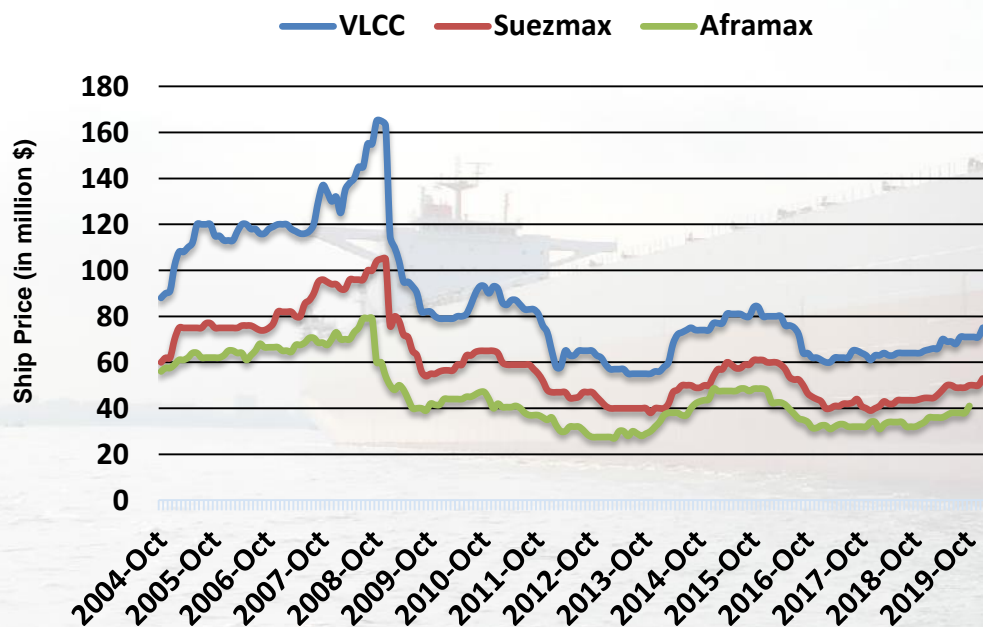
- US VLGC exports grew by 18% in Q3CY2019 Y-O-Y, due to significantly improved arbitrage between US & Far East LPG Prices and Ramp-up of petchem demand in Asia
- Overall VLGC loadings is up by 1.6 Mt Y-O-Y Q3CY2019 with 1.09% fleet growth. Correspondingly Baltic LPG index averaged US \$66/ton during Q3CY2019 up 65% Y-O-Y.

## Fleet Growth

- Crude tankers net fleet growth in Q3CY19 is 1.34%, product tankers net fleet growth is 1.01% and VLGC growth in net fleet is 1.09% sequentially

\* 5 yr old prices in Q3CY2019 are for Eco Tankers whereas in Q3CY2018 for Non-Eco

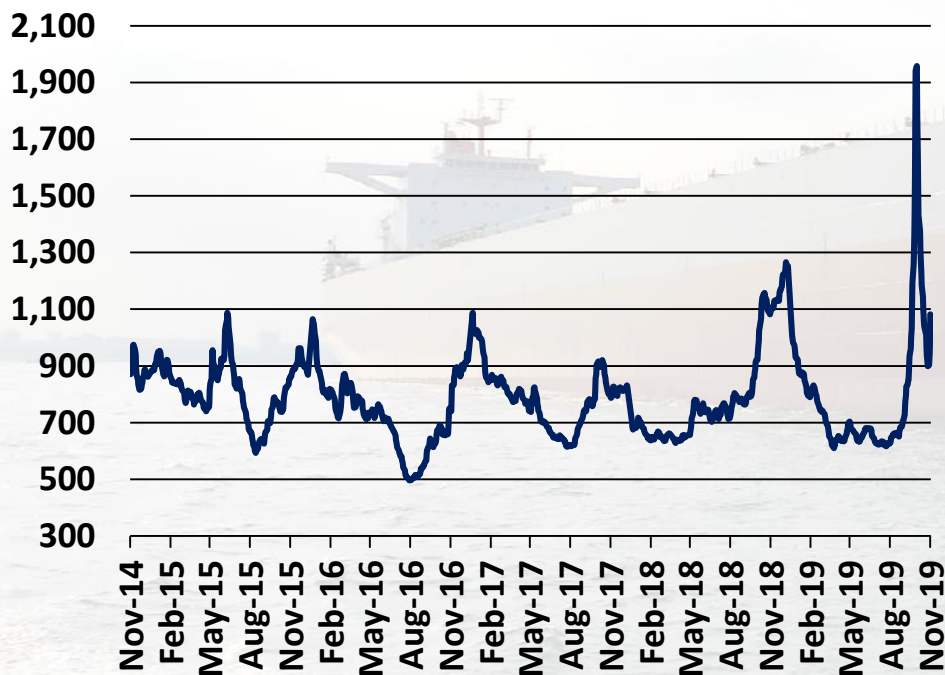
# TANKERS – ASSET PRICE MOVEMENT (5-YEAR OLD)



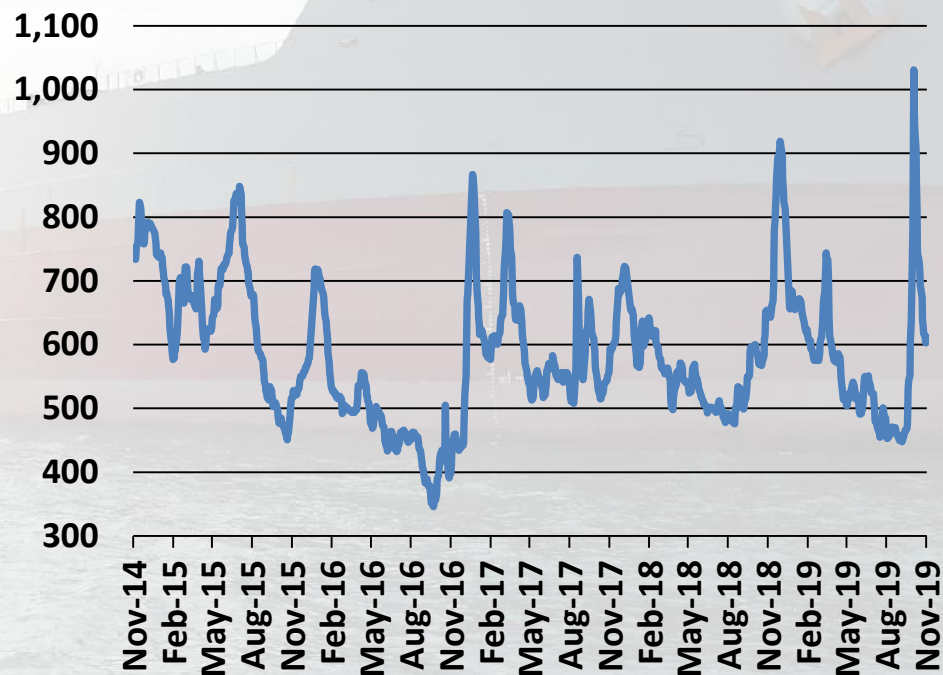
**Wet Bulk asset prices has improved by 10% to 12% in Q3CY2019 Y-O-Y.**

# BALTIC DIRTY & CLEAN INDEX

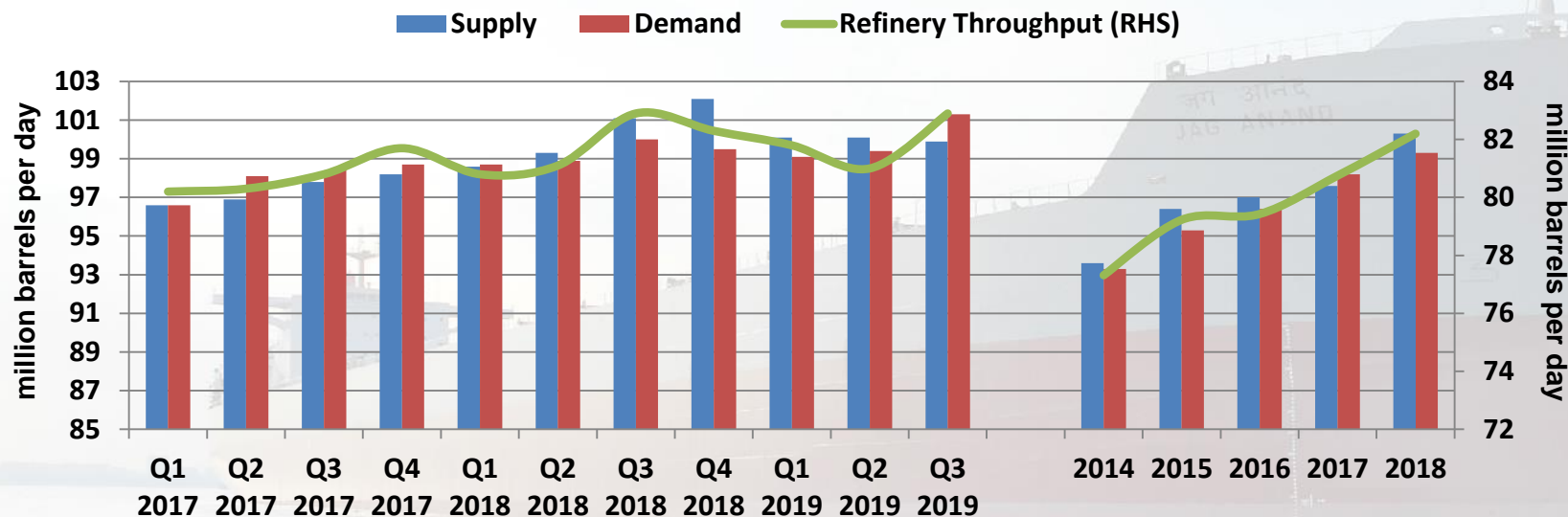
**BALTIC DIRTY TANKER INDEX**



**BALTIC CLEAN TANKER INDEX**

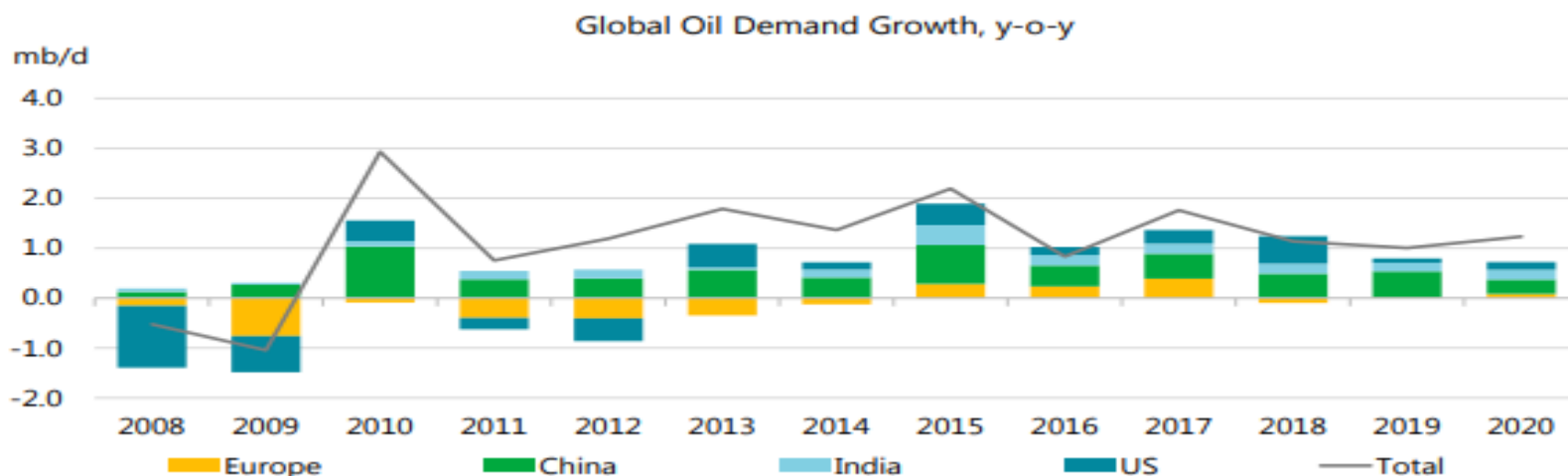


# TOTAL OIL SUPPLY & DEMAND



In Q3CY19 Y-O-Y, refinery throughput growth has been down by \$1 mbd mainly due to planned maintenance (IMO 2020 related) and upgrades. As well as due to PES closure in the US and Saudi Crude facility attack.

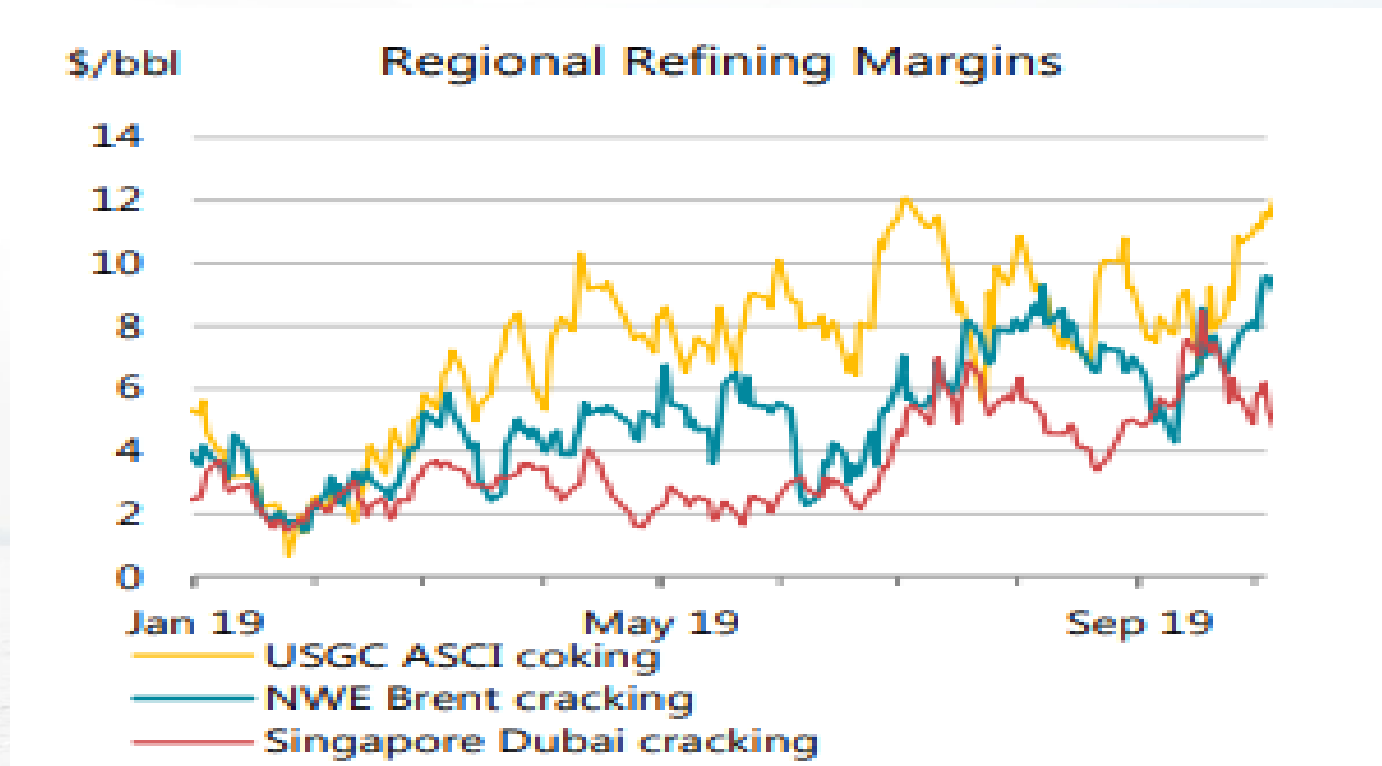
# CRUDE & PRODUCT GROWTH



- Crude demand growth was marginally negative at approx. 1.4 Mn barrels a day in Q3CY2019 Y-O-Y
- Core refined products demand growth was marginally positive by approx. 0.28 Mn barrels a day largely due to negative light distillate demand growth especially Naphtha offset by strong Gas oil demand growth.

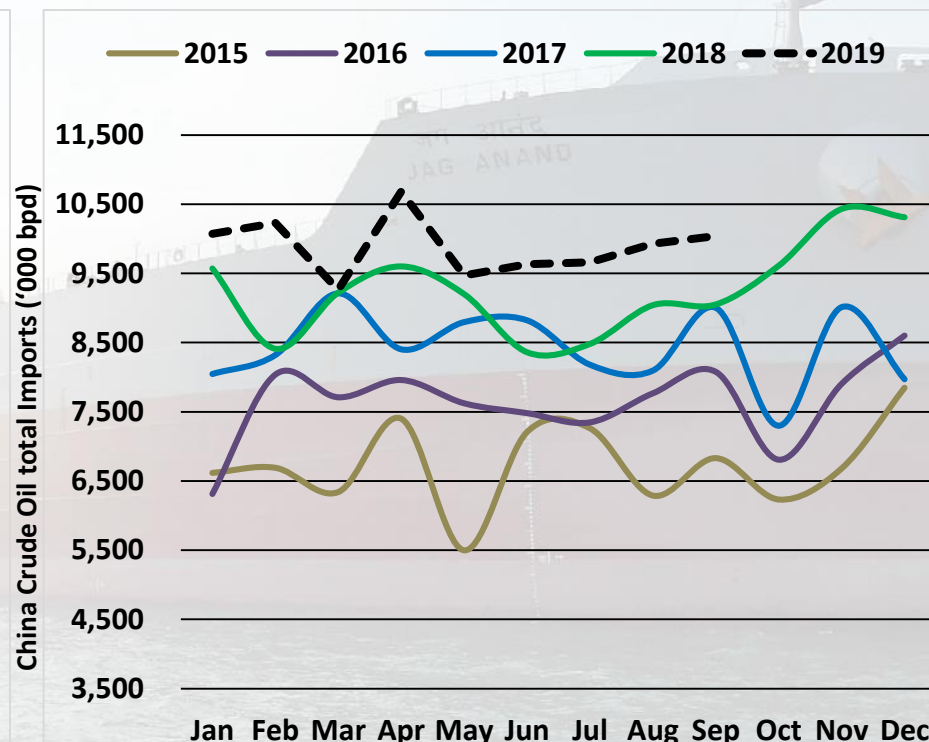
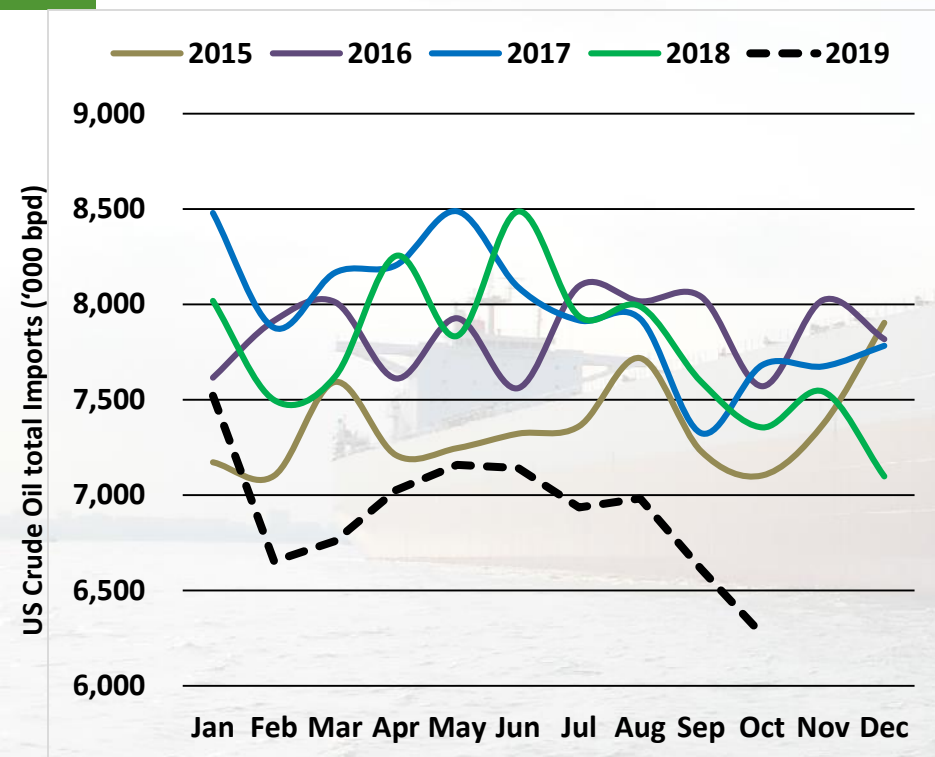


# REFINERY MARGINS



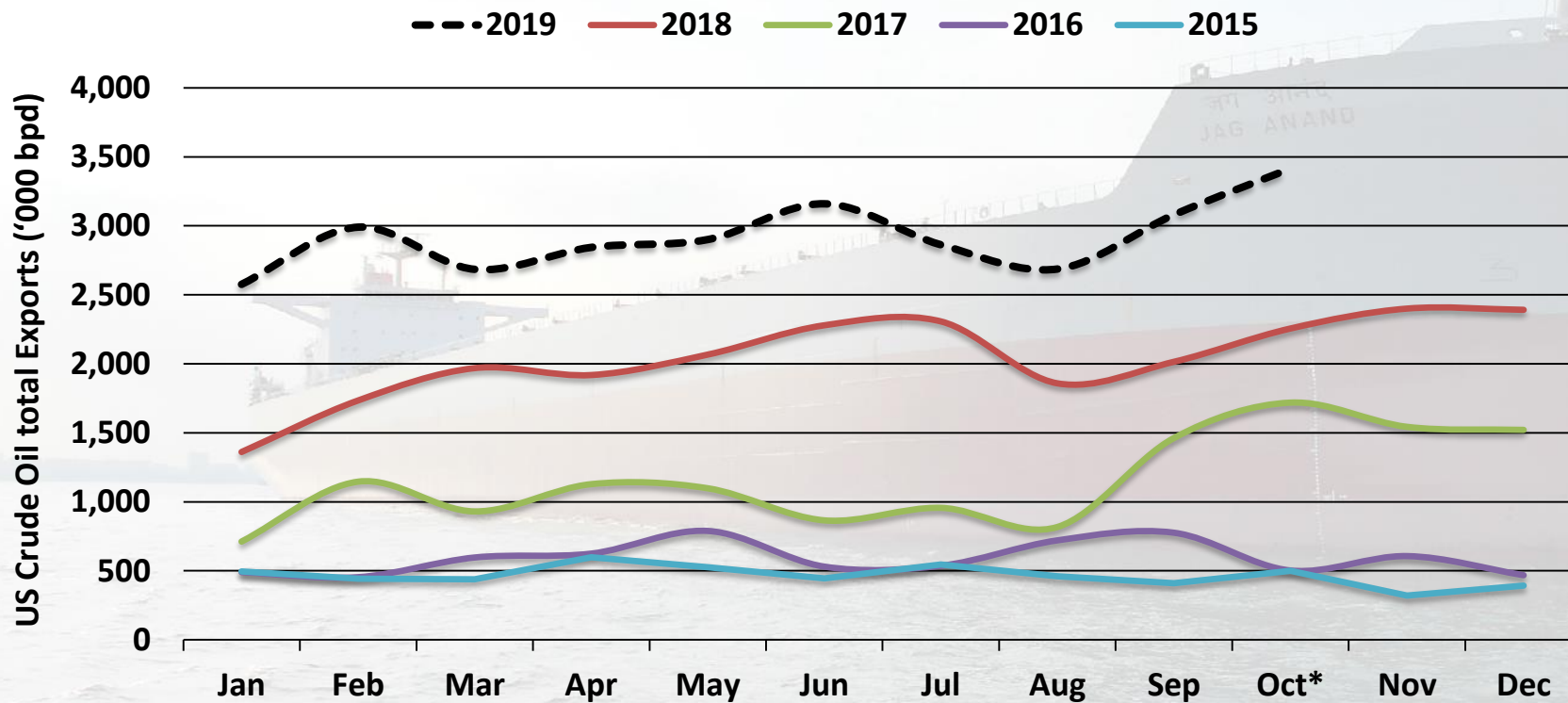
**Refining Margins in Asia and Europe were largely flat Y-O-Y whereas in US it was significantly positive due to strong product crack in both light and middle distillates**

# CRUDE OIL IMPORTS (US & China)



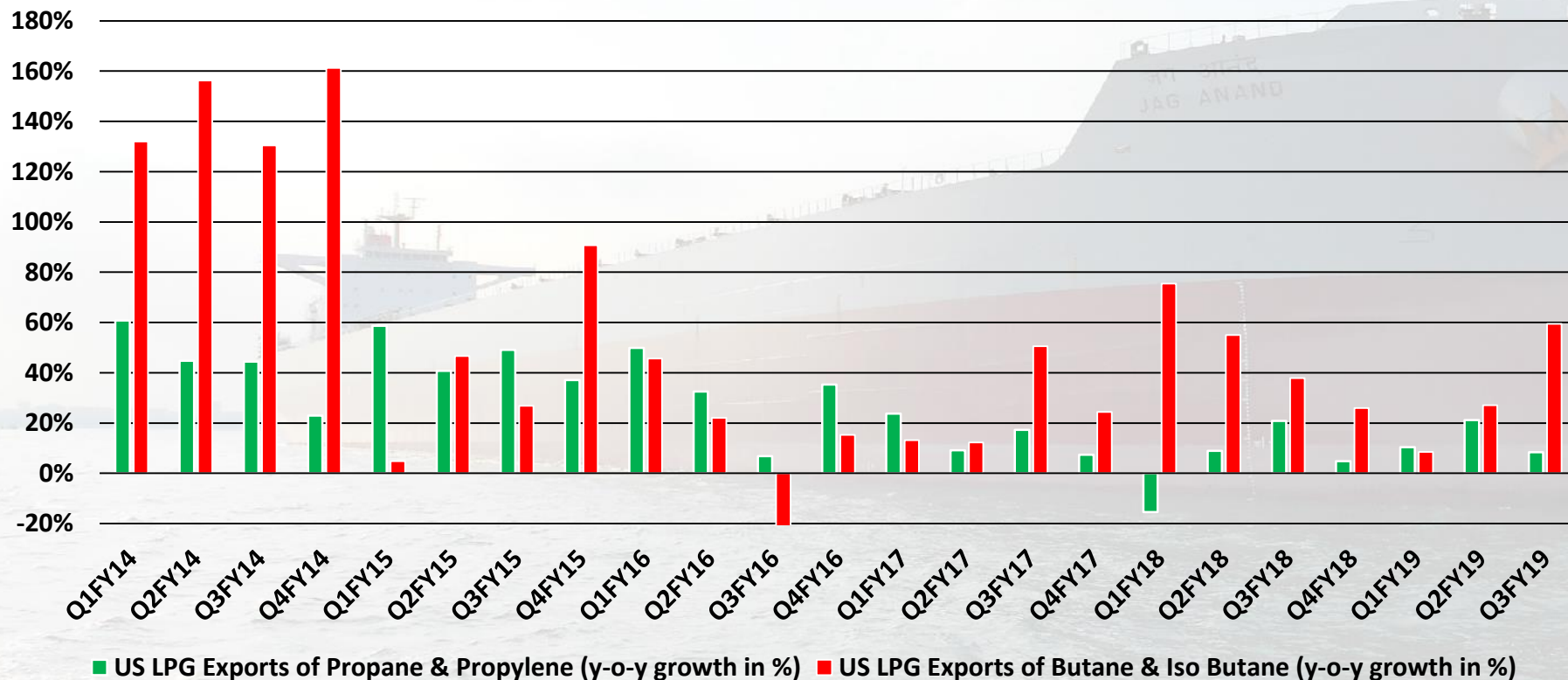
**In Q3CY2019, China imported 12% higher crude oil than Q3CY2018 as new refineries were ramping up.**

# CRUDE OIL EXPORTS (US)



**In Q3CY2019, US exported 40% higher crude oil than Q3CY2018**

# US LPG EXPORTS OF PROPANE, PROPYLENE, BUTANE & ISO BUTANE



**US VLGC exports grew by 18% in Q3CY2019 Y-O-Y**

*\*Butane & Iso Butane data is for Jul-Aug'19 as September 2019 data has not yet been released.*

# WORLD FLEET GROWTH

## CRUDE TANKERS

Tanker Fleet - mn Dwt	30-Oct-19	1-Jan-19	1-Jan-18	1-Jan-17	1-Jan-16
VLCC	244.70	233.34	225.10	213.80	200.00
Suezmax	86.20	81.86	80.60	74.60	71.09
Aframax	69.71	67.07	67.20	66.40	64.37
<b>Total (80k+)*</b>	<b>406.23</b>	<b>381.70</b>	<b>378.90</b>	<b>355.00</b>	<b>335.46</b>

*\*Includes panamax crude tankers*

Order Book (mn Dwt)	2019	2020	2021+	Total
<b>Orderbook as % of current fleet</b>	<b>1.1%</b>	<b>4.7%</b>	<b>2.9%</b>	<b>8.7%</b>

<b>Slippage (YTD2019)</b>	<b>About 5-10%</b>
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# WORLD FLEET GROWTH

## PRODUCT TANKERS & VLGC

Product Fleet - mn Dwt	30-Oct-19	1-Jan-19	1-Jan-18	1-Jan-17
LR2	40.80	37.9	36.60	33.50
LR1	27.70	26.9	26.51	25.20
MR/Handy (35k+)	86.44	83.3	82.40	80.40
<b>Total (35k+)*</b>	<b>158.25</b>	<b>150.93</b>	<b>147.61</b>	<b>139.40</b>

\*Suezmax Product Tankers included

Order Book(mn Dwt)	2019	2020	2021+	Total
<b>Orderbook as % of current fleet</b>	<b>0.6%</b>	<b>3.2%</b>	<b>2.4%</b>	<b>6.3%</b>

<b>Slippage Product (YTD2019)</b>	<b>About 5-10%</b>
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Fleet - No. of Vessels	30-Oct-19	1-Jan-19	1-Jan-18
<b>VLGC</b>	<b>278</b>	<b>265</b>	<b>260</b>

Order Book (No. of Vessels)	2019	2020	2021+	Total
<b>Orderbook as % of current fleet</b>	<b>1.8%</b>	<b>7.6%</b>	<b>3.6%</b>	<b>12.9%</b>



# KEY POINTS ON DRY BULK MARKETS

## Asset Prices

- Capesize 5 yr old asset prices were down 20% in Q3CY2019 Y-O-Y
- Panamax & Supramax 5 yr old asset prices were flat to marginally up in Q3CY2019 Y-O-Y

## Freight Rates

- BDI hits 2,518 on 04-Sep-19 due to supply tightness at loading area.
- Q3CY2019, BDI rose about 35% from 1,354 to 1,823

## Coal Market

- China total coal imports for Q3CY2019 have risen by 16% Y-O-Y. Indian coal imports have been largely flat Y-O-Y in Q3CY2019

## Iron Ore

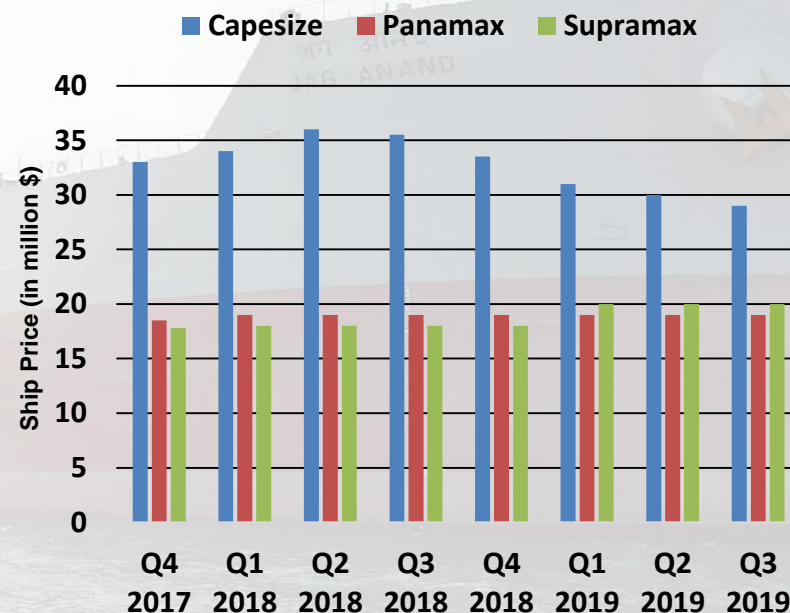
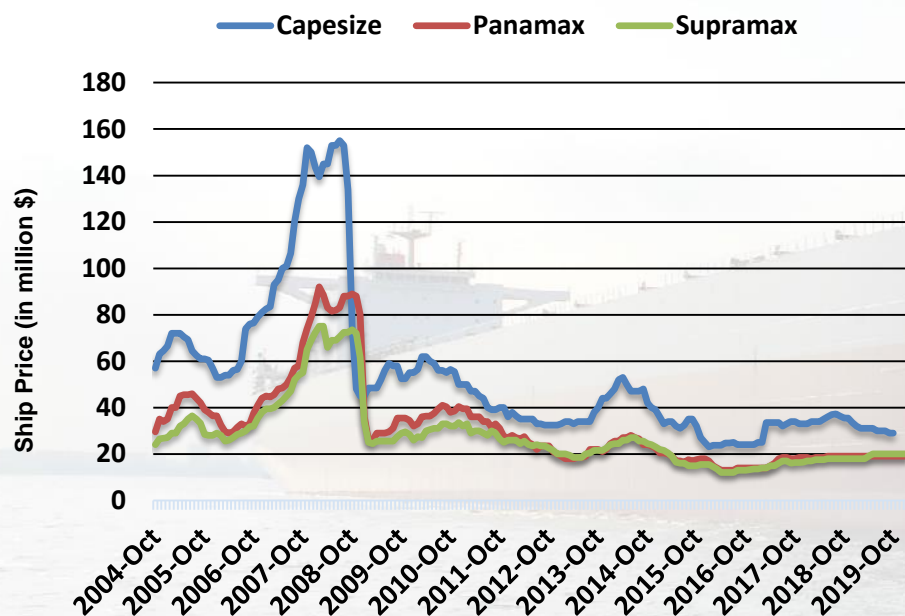
- China's Iron Ore imports increased by 4.3% in Q3CY2019 Y-O-Y

## Fleet Growth

- Dry Bulk net fleet growth in Q3CY2019 was about 1.12% sequentially

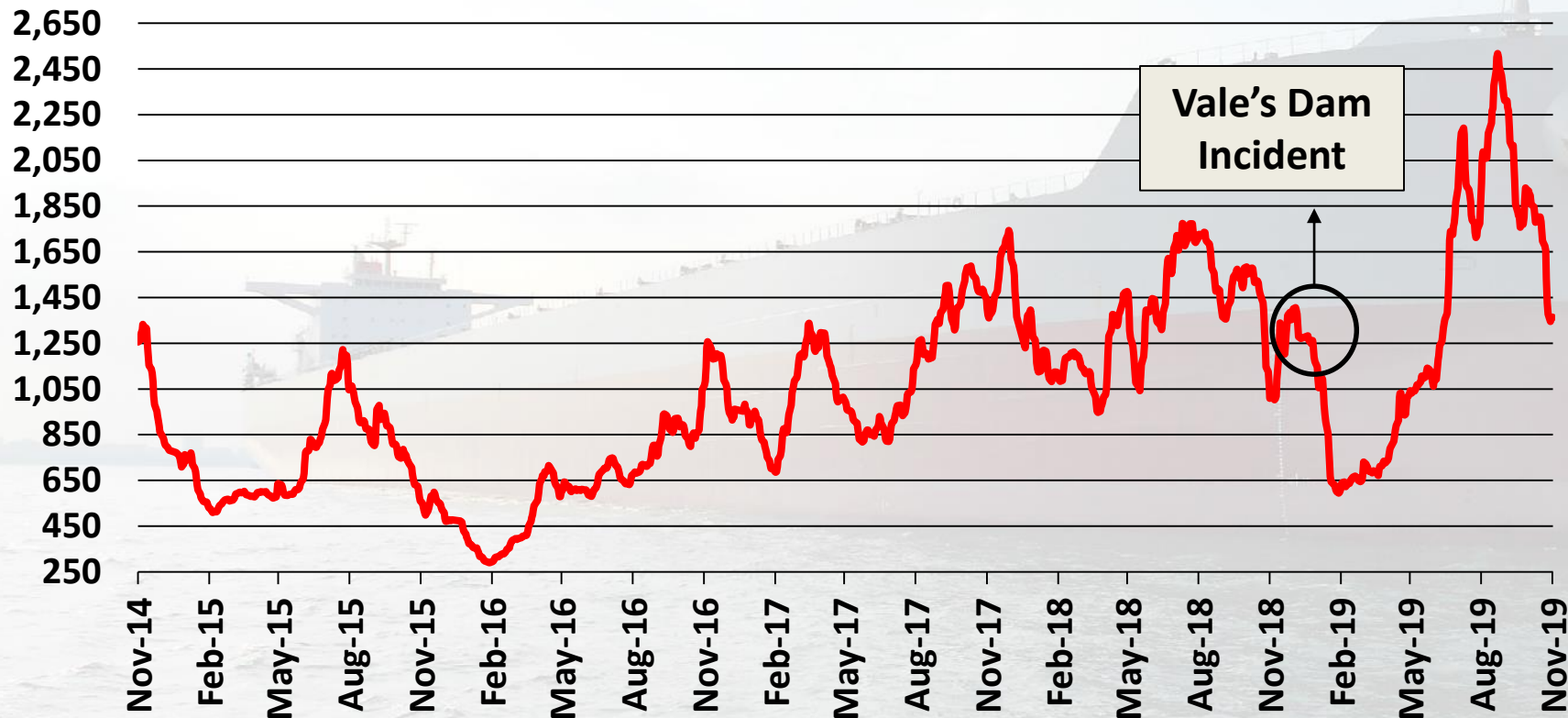
# BULKER ASSET PRICES

## 5-YEAR OLD



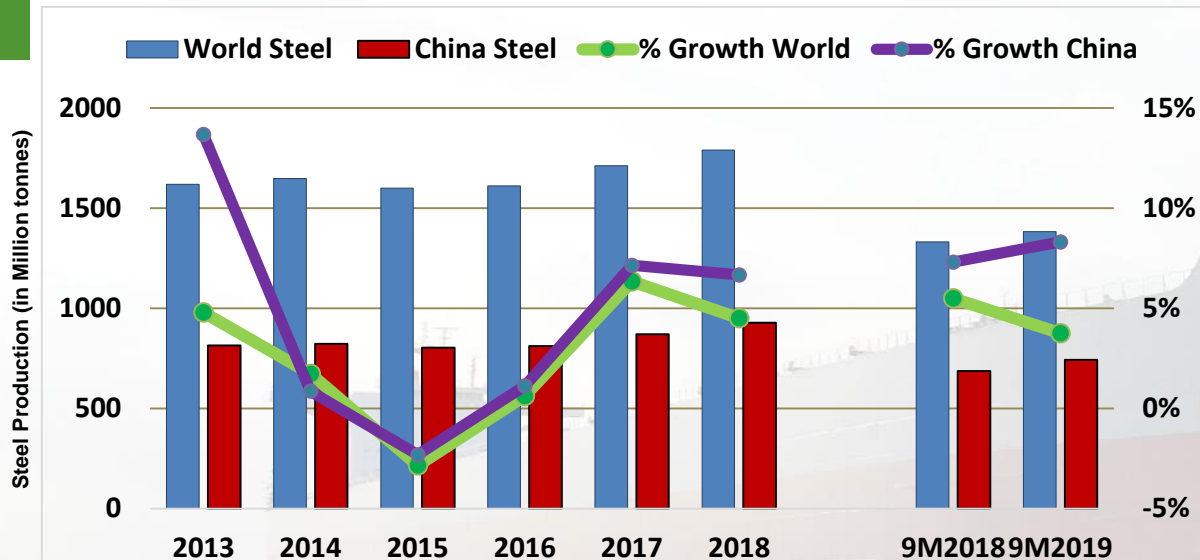
**Capesize asset prices were down 20% in Q3CY2019 Y-O-Y. Panamax asset prices were flat Q3CY2019 Y-O-Y while Supramax asset prices were up 10% in Q3CY2019 Y-O-Y.**

# BALTIC DRY INDEX

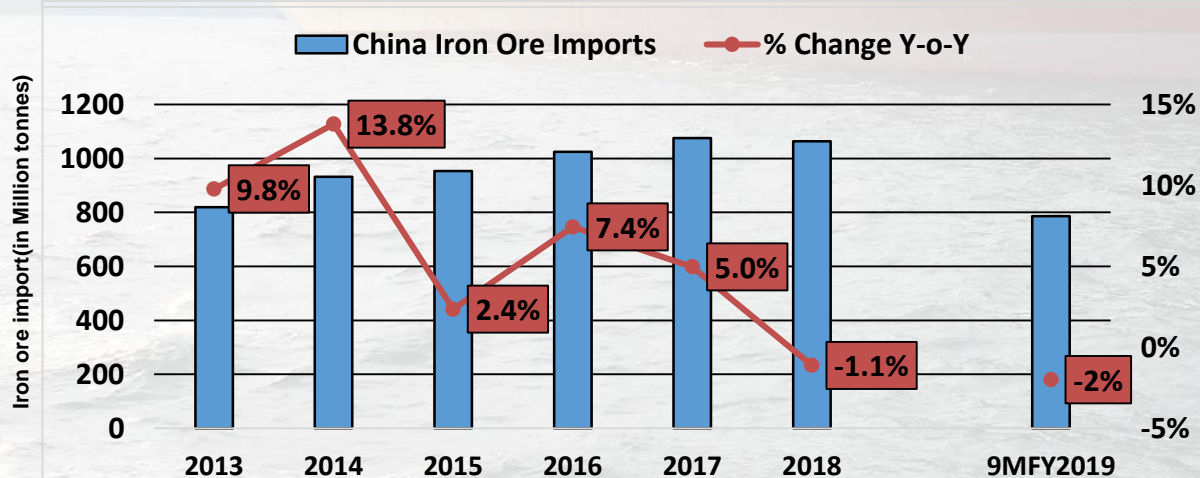


**Baltic Dry Index hit 9 years high of 2,518 in Sep'19 after recovering from lows of 595 in Feb'19. Currently it is trading close to 1,364**

# CHINA IRON ORE & STEEL PRODUCTION



**China Steel Production  
increased 8% in  
9MCY2019 Y-O-Y**

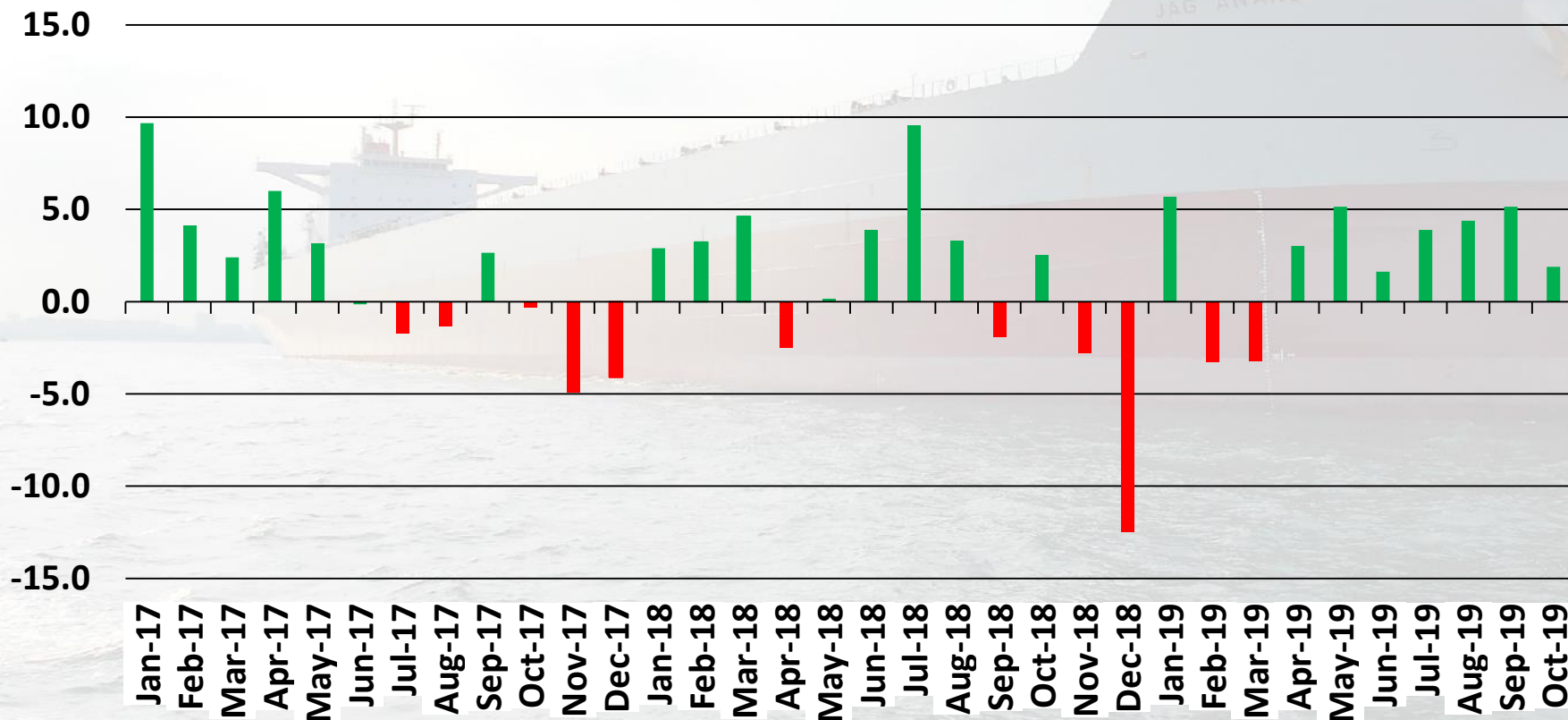


**China's iron ore import  
shrunk 2% in 9MCY2019  
Y-O-Y**

# CHINA COAL IMPORTS

## China coal imports change (Y-O-Y)

Mn Tonnes





# WORLD FLEET GROWTH

## DRY BULK

Fleet - Mn Dwt	30-Oct-19	1-Jan-19	1-Jan-18	1-Jan-17
Capesize	345	335	324	315
Panamax	216	207	202	196
Handymax	207	201	196	189
Handysize	105	98	96	94
<b>Total</b>	<b>873</b>	<b>841</b>	<b>818</b>	<b>794</b>

Orderbook (mn Dwt)	2019	2020	2021	2022+	Total
Orderbook (%Fleet)	1.3%	6.0%	2.5%	0.3%	10.1%

Slippage (YTD2019)	About 0-5%
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# SCRAPPING

Vessel Category	Fleet (mn Dwt)	Scrapping (% of beginning world fleet)					
	30 Oct 19	9MCY2019	2018	2017	2016	2015	2014
Crude	406.23	0.56%	4.62%	2.35%	0.35%	0.23%	1.60%
Product	158.25	0.31%	1.64%	1.42%	0.62%	0.61%	1.19%
Dry Bulk	873.00	0.64%	0.54%	1.77%	3.67%	4.03%	2.25%

**Scrapping is low for all the sectors**

**Greatship (India)  
Limited**  
(a 100% subsidiary)



# OFFSHORE BUSINESS FLEET PROFILE

## Fleet Utilization

Current Owned Fleet Type	Fleet Count
Jack Up Rigs (350ft)	4
Platform Supply Vessels (PSV)	4
Anchor Handling Tug cum Supply Vessels (AHTSV)	8
Multipurpose Platform Supply and Support Vessels (MPSSV)	2
Platform / ROV Support Vessels (ROVSV)	5

Category	Extent of coverage of fleet's operating days (FY20)
PSV	47%
ROVSV	87%
AHTSV	95%
MPSSV	37%
Jackup Rigs	96%

As on 30<sup>th</sup> September 2019

# KEY POINTS ON E&P MARKETS

## Q3 CY2019

### Day Rates

- Charter rates and utilization have started to pickup from the lows in certain geographies. We have started to see the impact in Indian market as well.

### Fleet Growth

- Rigs: Total fleet remains broadly same compared to last quarter and over one year.
- OSV's: Total fleet remains broadly same compared to last quarter however, there is a decline of about 1.34% over one year. .

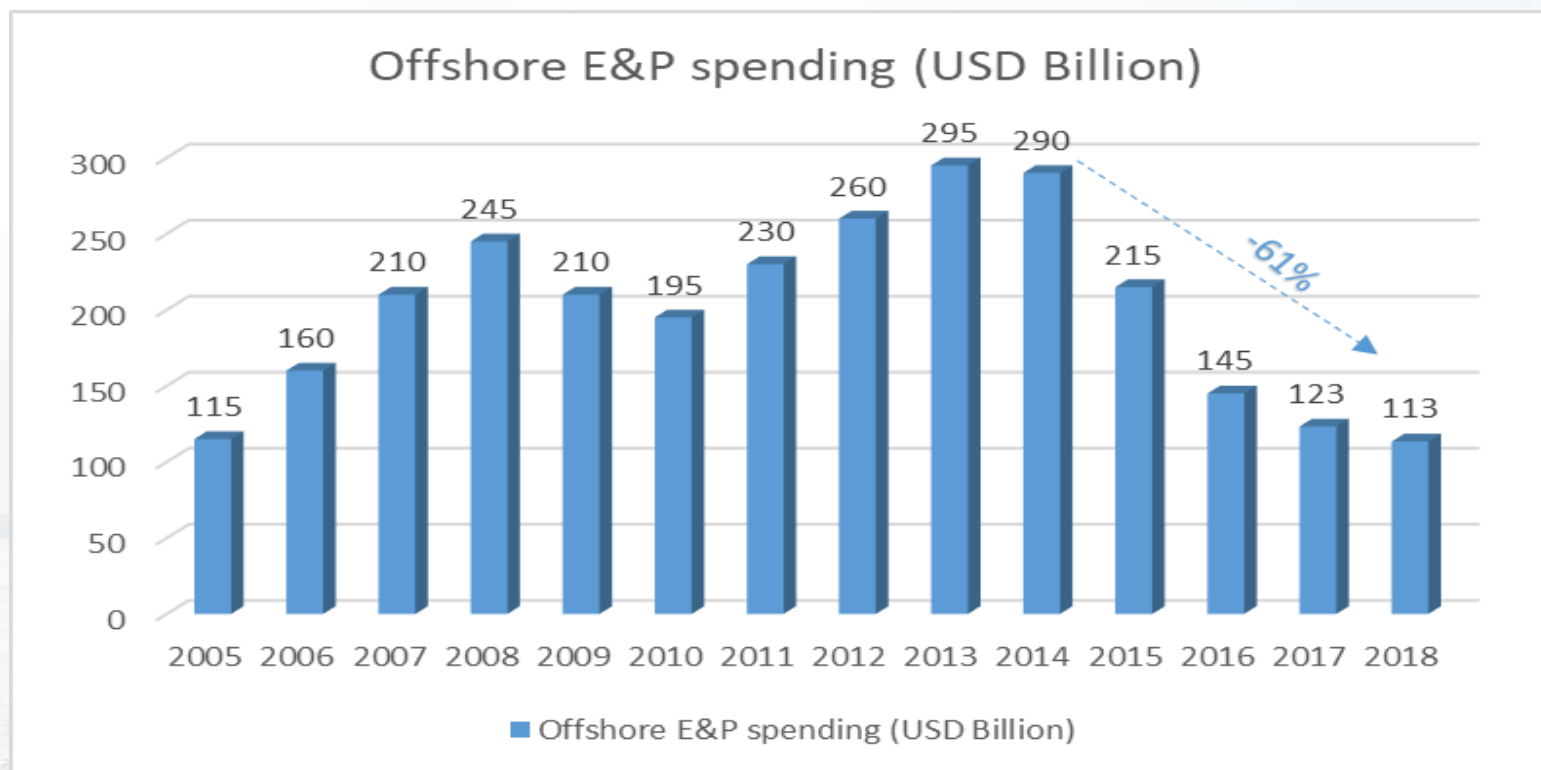
### Fleet Utilization

- Rigs: 60-70% (Term) (Increased by about 8% over last 1 year)
- Vessels: 40-50% (Term) (Increased by about 5% over last 1 year)

### Slippage

- OSVs: 80%-90%(CY2018)
- Rigs: 70% - 80%(CY2018)

# OFFSHORE E&P SPENDING



**According to various industry reports, after the sharp fall over last 3 years, the E&P spending declined marginally in 2018 and is expected to remain flattish in 2019.**



# GLOBAL FLEET SUPPLY

## OFFSHORE

### Fleet & Orderbook

Number	Jackup Rigs	AHTSVs	PSV
Current Fleet	521	1993	1619
Orderbook	56	73	125
<i>O/B to current fleet</i>	10.75%	3.66%	7.7%

- YTD CY2019 actual deliveries have been far lower than scheduled. Due to bleak employment scenario owners have refrained from taking delivery. Going forward slippage is expected to remain high. About 42% of Jackup rig fleet is currently 25 years and above.
- The activity has started to pick up in the OSV space and we have seen improvement in the charter rates. Similarly, for Jackups, activity has improved and we have seen recent tenders being awarded at a significantly higher rate.
- In case of PSVs and AHTSVs more than half the fleet is either idle/stacked or working in spot market at a very low utilization.

# **FINANCIAL RESULTS**

**Q2 FY 2019-20**

# FINANCIAL HIGHLIGHTS

GE Shipping Q2FY20 consolidated Net Loss at Rs. 18.93 Crores

Standalone			Key Figures	Consolidated		
Q2FY20	Q2FY19	H1FY20	(Amount in Rs. Crs)	Q2FY20	Q2FY19	H1FY20
			<b>Income Statement</b>			
685.01	701.74	1310.35	Revenue (including other income)	899.12	886.09	1726.85
220.03	34.94	384.91	EBITDA (including other income)	321.56	124.93	582.56
241.42	175.40	515.30	#EBITDA (including other income)	339.35	330.13	700.13
<b>4.75</b>	<b>(186.22)</b>	<b>(45.46)</b>	<b>Net Profit</b>	<b>(18.93)</b>	<b>(223.47)</b>	<b>(72.89)</b>
			<b>Balance Sheet</b>			
9628.70	10708.14	9628.70	Total Assets	13482.99	14949.09	13482.99
4836.03	4681.07	4836.03	Equity	6585.33	6467.44	6585.33
3691.32	4539.49	3691.32	Total Debt (Gross)	5414.91	6643.46	5414.91
1800.82	2020.73	1800.82	Long Term Debt (Net of Cash)	2403.33	2850.03	2403.33
			<b>Cash Flow**</b>			
212.59	87.10	430.74	From operating activities	276.23	273.16	581.35
(4.06)	(236.20)	60.11	From investing activities	27.03	(242.04)	52.98
(847.66)	(223.94)	(933.45)	From financing activities	(1035.52)	(308.66)	(1201.85)
(639.13)	(373.04)	(442.60)	Net cash inflow/(outflow)	(732.26)	(277.54)	(567.52)

# FINANCIAL HIGHLIGHTS

Standalone			Key Figures	Consolidated		
Q2FY20	Q2FY19	H1FY20		Q2FY20	Q2FY19	H1FY20
			<b>Key financial figures</b>			
32.12%	4.98%	29.37%	EBITDA Margin	35.76%	14.10%	33.74%
3.13%	-3.34%	3.93%	*#Return on Equity (ROE)	2.43%	0.78%	2.58%
5.64%	2.26%	5.95%	*#Return on Capital Employed (ROCE)	5.80%	4.51%	5.31%
0.76	0.97	0.76	Gross Debt/Equity Ratio	0.82	1.03	0.82
0.37	0.43	0.37	Net Debt/Equity Ratio	0.36	0.44	0.36
70.02	69.28	69.74	Average Exchange rate USD/INR	70.02	69.28	69.74
70.88	72.54	70.88	End of Period Exchange rate USD/INR	70.88	72.54	70.88
			<b>Share related figures(in Rs.)</b>			
0.32	(12.35)	(3.03)	Earnings per share, EPS	(1.27)	(14.82)	(4.86)
0.32	(12.35)	(3.03)	Diluted earnings per share	(1.27)	(14.82)	(4.86)
11.05	5.81	23.18	Cash Profit per share	15.64	13.72	31.42
-	-	-	Dividend per share	-	-	-

# Excluding Unrealized Gains/Losses on Derivatives and Foreign Exchange

\*Annualized figures

\*\* Non GAAP Measures and Placement of Bank deposits and sale and purchase of Mutual Funds are not considered in Cash flow as they are considered as cash and cash equivalent

# FINANCIAL HIGHLIGHTS

## Breakup of Revenue Days

Revenue Days	Q2 FY20	Q2 FY19
Owned Tonnage	4,040	4,285
Inchartered Tonnage	7	115
<b>Total Revenue Days</b>	<b>4,047</b>	<b>4,400</b>
Total Owned Tonnage (mn.dwt)	3.85	3.98

## Average TCY Details

Average (TCY \$ per day)	Q2'FY20	Q2'FY19	% Change
Crude Carriers	16,509	10,373	59%
Product Carriers (Incl. Gas)	16,022	10,323	55%
Dry Bulk	13,131	12,447	5%

## Mix of Spot & Time

Days (in %)	Q2'FY20	Q2'FY19
<b><u>Dry Bulk</u></b>		
Spot %	84%	79%
Time %	16%	21%
<b><u>Tankers</u></b>		
Spot %	70%	80%
Time %	30%	20%
<b><u>Total</u></b>		
Spot %	74%	80%
Time %	26%	20%



THANK YOU

**THANK YOU**  
visit us at [www.greatship.com](http://www.greatship.com)